



# The Rate of Profit

## Capital Volume 3, Part 1:

### The Conversion of Surplus-Value into Profit and of the Rate of Surplus-Value into the Rate of Profit

Marx begins Volume 3 as follows:

*“In **Book I** we analysed the phenomena which constitute the **process of capitalist production** as such, as the immediate productive process, with no regard for any of the secondary effects of outside influences.*

*“But this immediate process of production does not exhaust the life span of capital. It is supplemented in the actual world by the process of circulation, which was the object of study in **Book II**. In the latter, namely in Part III,*

*which treated the process of circulation as a medium for the process of social reproduction, it developed that the capitalist process of production taken as a whole represents a synthesis of the processes of production and circulation.*

*“Considering what this **third book** treats, it cannot confine itself to general reflection relative to this synthesis. On the contrary, it must locate and describe the concrete forms which grow out of the **movements of capital as a whole**. In their actual movement capitals confront each other in such concrete shape, for which the form of capital in the immediate process of production, just as its form in the process of circulation, appear only as special instances. The various forms of capital, as evolved in this book, thus approach step by step the form which they assume on the surface of society, in the action of different capitals upon one another, in competition, and in the ordinary consciousness of the agents of production themselves.”*

In Chapter 21 of Volume 2 Marx had written:

*“Let us note by the way: Once more we find here, as we did in the case of simple reproduction, that the exchange of the various component parts of the annual product, i.e., their circulation ...does not by any means presuppose mere purchase of commodities supplemented by a subsequent sale, or a sale supplemented by a subsequent purchase, so that there would actually be a bare*

*exchange of commodity for commodity, as Political Economy assumes, especially the free-trade school since the physiocrats and Adam Smith."*

Like that of the physiocrats and Adam Smith, the "ordinary consciousness of the agents of production themselves" is confined to "the surface of society". In the journey through Volume 1 and Volume 2, from Marx's point of departure in the first line of the entire work (*"The wealth of those societies in which the capitalist mode of production prevails, presents itself as 'an immense accumulation of commodities'"*) we have submarined among the deep and hidden workings of the system, so as to comprehend its true nature. Now, in Volume 3, we are going to emerge again into the visible world, and examine the phenomena that form the conscious narrative of politics, and which inform the subjective reactions of men and women from day to day and year to year.

But we must continue to hold in mind the revelations of Volumes 1 and 2. Marx is still exploring *"the secret of the self-expansion of capital"*.

In the beginning of Chapter 2 of Volume III, Marx again allows himself to be terse and direct:

*"The general formula of capital is M-C-M'. In other words, a sum of value is thrown into circulation to extract a larger sum out of it. The process which produces this larger sum is capitalist production. The process that realises it is circulation of capital. The capitalist does not*

*produce a commodity for its own sake, nor for the sake of its use-value, or his personal consumption. The product in which the capitalist is really interested is not the palpable product itself, but the excess value of the product over the value of the capital consumed by it.*

*“...he is a capitalist, and can undertake the process of exploiting labour only because, being the owner of the conditions of labour, he confronts the labourer as the owner of only labour-power. As already shown in the first book, (i.e. Volume 1) it is precisely the fact that non-workers own the means of production which turns labourers into wage-workers and non-workers into capitalists.”*

Capital is more of a relationship than a thing. It is permanently a relationship. It may have a money-form as part of its cycle, but the relationship of labourer to capitalist is constant throughout the cycle.

Volume III is divided into seven parts. We will take one part at a time, and choose one chapter from each part as an attached reading text.

- The above is to introduce the original reading-text: [Capital Volume 3, Chapter 2, The Rate of Profit, Karl Marx](#).
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